TESTIMONY OF

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Chairman Oberstar, Ranking Member Mica, and Members of the Committee, thank you for the opportunity to appear before you today to discuss the U.S. Environmental Protection Agency's (EPA's) progress in implementing the American Recovery and Reinvestment Act of 2009 (Recovery Act).

Background

One year ago EPA was entrusted with more than $7 billion dollars to invest in our economy -- to rebuild critical infrastructure in our communities; to invest in jobs that would put our citizens back to work and to rekindle a strong and thriving economy. In that year, EPA has worked diligently to move that money into the hands of our partners and to clear the way for rapid investments in construction, land reuse and redevelopment.

Let me share a quick overview. As of February 18, 2010:

- we have obligated $7.1 billion dollars or 99% of our Recovery Act funds;

- ensured that 100% of both our Clean Water State Revolving Fund (CWSRF) and Drinking Water State Revolving Fund (DWSRF) dollars are under contract or construction (as reported by the states);
- obligated 100% of the funds for our Superfund projects and started construction at 35 of these sites; and
- obligated 99.7% of Brownfields dollars.

Chairman Oberstar and Members of the Committee, we are proud of the work that we have done, and we recognize that there is still more to be accomplished. We also recognize that you play a key role in the oversight of how we invest this money and the benefits that will accrue from it. We share with you a keen interest in that oversight and are following closely the stewardship plan that we shared with you at our last hearing. We recognize that all that we do is in the public eye – as it should be. Let me share some specifics for three of these programs, the Clean Water State Revolving Fund, Superfund and Brownfields.

Clean Water State Revolving Fund

Recovery Act funds have been put to good use with respect to the CWSRF. Of the $4 billion allocated, 100% of this money has been obligated based on the Clean Water Act formula, with tribes receiving 1.5% of the funding. These awards have resulted in nearly 1,900 assistance agreements and over 1,500 projects where construction has begun, representing 100% of the obligated funds. These projects will serve approximately 68 million people and address a wide variety of infrastructure needs:

- 30% of the projects, representing 48% of the funds, are for improving or maintaining treatment levels at publicly owned treatment works (POTWs);
- 44% of the projects, representing 33% of the funds, are for improving, rehabilitating or expanding wastewater collection systems;
- 6% of the projects, representing 9% of the funds, are for Combined Sewer Overflow (CSO) correction projects;
- 11% of the projects, representing 4% of the funds, are for nonpoint source projects;
- 7% of the projects, representing 4% of the funds, are for storm sewer projects; and
- 2% of the projects, representing 2% of the funds, are for water reuse projects.

We are grateful for our partners' cooperation in helping to expedite placing these funds in contracts so that needed construction projects can begin quickly. The Administrator was personally involved in working with the states. She called 12 governors, to raise concerns where necessary, offer assistance, and to thank them when they achieved completion or made significant progress. I called Recovery Act Senior Accountable Officials in several states to listen to their concerns and offer our assistance. I am proud to say that every state and territory, through hard work and under extraordinary pressure, has successfully met the Recovery Act deadlines for the Clean Water and Drinking Water SRFs. Credit goes to the officials and staff of the SRF programs, and everyone involved at the local level, to place every dollar under contract or construction. Not one dollar will be reallocated – an impressive feat and a testament to the dedication and hard work of all involved in the SRF programs.

Under the Recovery Act, states with SRF programs had until February 17, 2010 to place Recovery Act funds under contract or start construction. We aggressively reached out to states and territories to help them meet the deadline. In addition to the calls placed to the state's Recovery Act Senior Accountable Officials, EPA regional staff met at least weekly, if not more, with state program staff and reported back to EPA headquarters staff on progress and issues. We provided weekly updates and closely monitored the data states were required to report to EPA. We consistently communicated at the headquarters level with EPA's regions which maintain direct contact with fund recipients, and offered assistance at every turn. Staff visited 49 of the Clean Water SRF programs to ensure compliance and to provide assistance. EPA provided contractor support for regions to conduct oversight reviews and for state programs to help meet the deadline and comply with new requirements. This support included the development of solicitation materials, informational meetings for contractors, recipients, and engineers on the new requirements, and the development of environmental review documents.

To ensure quick progress, preference was given to projects that were shovel ready. In other words, funding was the only limiting factor to moving forward. States were also required by the Recovery Act to use at least 50% of these funds for "additional subsidization" in the form of principal forgiveness, negative interest rates, or to provide grants to communities that could not normally afford a Clean Water SRF loan. Project examples include treatment plant and sewer line upgrades and combined sewer overflow remediation.

The Recovery Act provided that 20% of the money be used for "Green Projects" where the most environmental benefits could be realized. Project examples include upgrading pumping

stations to increase energy efficiency, water recycling and reclamation projects to reuse effluent for public purposes, and making greater use of natural processes to address urban storm water runoff. Every state met the "Green Projects" requirement.

For example, one of the projects funded under the CWSRF for $15 million is the Douglas L. Smith Middle Basin Treatment Plant, located in Johnson County, Kansas. Using Recovery Act and CWSRF base program funds, this wastewater treatment plant improvement project is expected to be completed by the end of this year. This is the largest "Green Project" funded in Kansas. It is expected to result in almost $600,000 in annual cost savings for rate payers and reduce annual greenhouse gas emissions by more than 9,700 metric tons.

Some of the components of this project include the development of a new receiving station to collect fats, oils and grease, and the expansion of an anaerobic digestion sludge treatment system. In addition, a digester gas handler and new power production system will burn digested gas to produce hot water for heating and electricity for on-site usage. When completed, this wastewater treatment facility will be entirely energy self sufficient.

Superfund

When the Superfund Program entered FY 2009, it faced the prospect of no new construction projects. As a result of the Recovery Act funding, Superfund was able to fund 26 sites that would not have been funded otherwise. The Recovery Act also funded ongoing site cleanup work at 25 other sites. As of February 18, 2010, construction projects at 35 sites have started on-site work. The Superfund Program also achieved its target of obligating 100% of the

Recovery Act funds for the 51 sites by December 31, 2009. As of February 18, 2010, approximately 23% of the allocated funds have been expended and we anticipate expending 70% of all allocated funds by the end of FY 2010.

To give you an idea of the nature of the projects and why Recovery Act funding has been so important in this area, I would like to cite some examples of how Recovery Act funds are being used.

The swift allocation of $25 million in Recovery Act funds accelerated cleanup at the New Bedford Harbor Superfund site in Massachusetts. The site is located in one of the nation's busiest fishing ports with more than 100,000 people living in the area. Dangerous levels of pollution in over 18,000 acres of water necessitated the banning of lobstering and fishing in this area. This project was scheduled to take almost forty years to cleanup. Instead, Recovery Act funds will help to create and save jobs, and have the potential to generate economic activity in tourism, development and shipping in the years ahead. The new funding could also more than triple the amount of PCB contaminated sediment removed compared to recent years, significantly expediting the timetable to return a clean harbor back to the community.

We are utilizing the Recovery Act funds to treat or remove toxic compounds. One such project is the Escambia Wood Treating Company site in Florida. The primary contaminants of concern include creosote related compounds, such as pentachlorophenol and dioxin. These contaminants affect surface soils on the facility and at nearby properties. Recovery Act funds are

being used to clean up and contain the contaminated soils, thereby reducing harmful exposures to the nearby population.

In addition, Superfund will be treating or removing heavy metals that have contaminated 36 sites, including a neighborhood in South Minneapolis, Minnesota. At this site, Superfund is removing soil from the yards of approximately 500 homes in a community that have arsenic levels as high as 2,880 part per million, which if left in place, would pose a health risk, especially to children.

Efforts to begin or accelerate work to treat drinking water to meet federal and state standards will be undertaken at eight sites. One of these locations is the Ottati & Goss/Kingston Steel Drum site in New Hampshire, where ground water, surface water and soils are contaminated with organic compounds, polychlorinated biphenyls (PCBs) and metals. Approximately 450 people live within a one mile radius of the site and an estimated 4,500 people live within three miles. Recovery Act funds are being used to clean up the ground water so that it is of the same quality standard as drinking water.

Superfund is also working to mitigate damage to wildlife habitats and ecosystems, and to begin the land restoration process at six sites that received Recovery Act funds. The Iron Mountain Mine site in California is an example where EPA is addressing toxic runoff containing copper, cadmium and zinc in the Sacramento River. Project funds have been used to dredge nearly 90,000 cubic yards of sediment to date, helping to improve conditions in the Sacramento

River ecosystem. This project, like many others, would have otherwise been delayed if not for Recovery Act funding.

Brownfields

To date, EPA has awarded 100% of the 186 assessment, cleanup, revolving loan fund and job training, Recovery Act cooperative agreements. Current outlays represent over $4 million, or 5% of the total Recovery Act allocation for this program. EPA has been working with cooperative agreement recipients to encourage their prompt expenditure of Recovery Act funds and completion of work. The Brownfields Program has been closely monitoring outlays and where necessary, working directly with the grantees to help expedite these contracts, create jobs, restore these properties to beneficial use, and revitalize the local economy.

Recovery Act funds have been put to good use in numerous communities across the country. The Town of Sanford, Maine used $200,000 of these funds to complete cleanup activities at an abandoned mill site in their downtown area. In Woonsocket, Rhode Island, a $200,000 cleanup grant allowed the City to remediate the last remaining corner lot of a former Brownfield site to facilitate the completion of an $80 million middle school redevelopment project. A $200,000 grant for asbestos abatement work in former apartment buildings located on 27 acres of property in Village, Oklahoma is bringing new development and jobs to this community. A potential developer is expected to invest approximately $25 million to construct new garden homes, two story condominiums, and a pedestrian walkway on this prior abandoned and unsafe property.

Recovery Act funds have been used to provide low interest loans to help fund cleanup activities on lead contaminated land. The California Department of Toxic Substances Control used $1.675 of the $1.8 million in Revolving Loan Fund Supplemental funds to loan to a company to perform these cleanup activities. After cleanup is completed, the property will be used for residential units, a restaurant, retail businesses and a day care center. The loan will be repaid in six to seven months, allowing California to use the funds again for other cleanup and job creation projects, contributing to economic recovery and environmental protection.

The small town of Kit Carson, Colorado is another happy ending story. Located in Colorado's Cheyenne County, Kit Carson has at least four known Brownfield sites along the main highway that runs through town. The Paxson Building site is the largest and most visible. Recovery Act grant funds were used to oversee the cleanup, removal and disposal process of inorganic contaminants and friable asbestos found on the site. Prior to cleanup, Brownfields properties such as the Paxson site posed potential threats to human health. The only health clinic in town was next door to the site, and four churches, a bank and a grocery store were within 100 feet of the building. Such sites impair the quality of a town's commercial area, reduce the number of available sites for redevelopment, and have a disproportionate impact on small and rural main street communities. Cleanup will serve as a catalyst, enabling the town to redevelop this and other properties, improving the environment for job creation and economic development.

Conclusion

EPA is grateful to have been entrusted by Congress with distributing more than $7 billion in Recovery Act funding for programs administered by our Agency. These funds supported work under the Clean Water State Revolving Fund, Drinking Water State Revolving Fund, Superfund, Brownfields, Leaking Underground Storage Tank, and Clean Diesel programs, and made a significant impact in improving public health and safety and the environment, creating and retaining jobs, and stimulating the economy. In addition, Recovery Act investments were used to help many of our neediest communities and populations, to promote and expand green technologies and energy independence, and to help create and retain jobs in existing and emerging industries.

Our most recent report from EPA's contract and grants stimulus award recipients indicated that nearly 6,800 direct jobs were created or retained. And this is just the beginning, for as more construction and cleanup activities get underway, this number should grow substantially.

Recovery Act funds have enabled EPA to expedite projects that benefit both the environmental health of our states and communities and the individuals who live and work in them. We are excited about the accomplishments thus far and look forward to continuing our work with this Committee, our partners, and the public to ensure an economically and environmentally healthier country for all Americans.

Thank you again for inviting me to testify here today, and I look forward to answering your questions.